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UNCLAS ABU DHABI 04232

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ACTION: POL
INFO: FCS RSO AMB DCM MEPI P/M ECON

DISSEMINATION: POL
CHARGE: PROG

APPROVED: CDA:MQINN
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UNCLAS SECTION 01 OF 02 ABU DHABI 004232

SIPDIS

SENSITIVE

STATE FOR NEA/ARPI, NEA/PI
STATE PASS USTR FOR A/USTR SHAUN DONNELLY

E.O. 12958: N/A
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SUBJECT: FOLLOW-UP ON ARAB LEAGUE BOYCOTT

11. (SBU) Summary and Action Request: Two Department of Commerce officials from the Office of Anti Boycott Compliance visited the UAE on September 28. They had productive meetings with three U.S. businesses and with the Director of the Ministry of Economy's trade control department. Subsequently, Econchief met with MinEcon A/US for International Cooperation Abdullah Saleh. Emirati officials reiterated the UAEG's commitment to do away with prohibited secondary and tertiary boycott requests and their interest in working with the USG in that regard. It was also clear that UAEG officials do not fully understand U.S. law and have a different understanding what constitutes "primary" boycott language and what constitutes "secondary" boycott language. Commerce officials offered to again visit the UAE to have follow-up discussions with UAEG experts in an effort to solve the boycott problem. Embassy recommends that the follow-up meetings happen quickly and will work with Commerce and the UAEG to determine the best possible time. Econchief suggested that the Ministry of Economy reiterate its instructions regarding the boycott. End Summary and Action Request.

12. (SBU) On September 28, Ned Weant and Frederick Davidson of the Department of Commerce's Office of Anti Boycott Compliance, and BIS Export Control Officer, met with Juma Al-Mubarak, the Director of the Ministry of Economy and Commerce's Trade Control Department and three U.S. companies that have faced Arab League boycott issues. Juma Al-Mubarak reiterated the UAEG's commitment to not implementing the secondary and tertiary aspects of the boycott. The meeting, however, made it clear that there are some differences of opinion about whether certain language is primary boycott language or secondary boycott language. For example, Davidson explained that language stating that a company "agrees to comply with all relevant UAE laws as they pertain

to the boycott of Israel" was prohibited as a second-level boycott. Al-Mubarak disagreed, noting that the relevant laws prohibit the import of Israeli goods, which is a primary boycott issue. Davidson offered to have U.S. experts visit the UAE to work with UAE counterparts on eliminating secondary and tertiary boycott requests. Al-Mubarak welcomed the visit and the potential cooperation.

¶3. (SBU) Weant and Davidson met with two companies and spoke with a third about problems facing American companies in the UAE regarding boycott language. One company advised that prohibited language has in the past been maintained on the Ministry of Finance website for downloading into contracts for purchases by government agencies. Another company expressed concern that individual companies or company officers could choose to include such language independently of the government policy. In the third case, Davidson was able to provide on the spot counseling to a company who was ready to sign a contract. EconChief contacted MinFin A/US for Revenue and Budget Khalid Al-Bustani to ask about the contracts on the website. Al-Bustani said that he had understood that the contracts with the prohibited language had been removed from the web site, but promised to double check.

¶4. (SBU) On October 2, Econchief met with Ministry of Economy Assistant Under Secretary for International Cooperation Abdullah Al-Saleh to discuss the boycott. (Note: Al-Saleh had been unable to meet with the Commerce anti-boycott team, as both he and the Minister of Economy were traveling internationally on the 28th. He offered to follow-up with Econchief the day he returned. End Note.) Econchief stressed the alarming increase in UAE prohibited boycott requests during the second quarter of 2005 and that the UAE needed to take actions to eliminate them. Econchief also passed Al-Saleh information on the most recent boycott requests along with information on Emirati companies making these requests.

¶5. (SBU) Al-Saleh reiterated the UAEG's policy of not implementing the secondary and tertiary aspects of the Arab League Boycott. He stressed that the Ministry of Economy would continue to work to eliminate these boycott requests, adding "I want to remove barriers to U.S. firms that want to do business in the UAE." Al-Saleh also explained that the boycott issue was a sensitive one in the UAE and he understood that it was a sensitive one in the US as well. He confirmed that the Ministry of Economy and Commerce had sent out instructions to the UAEG and to state owned enterprises such as the Emirates Telecommunications Company (Etisalat) and the Abu Dhabi National Oil Company (ADNOC) reminding them that the UAE does not enforce the secondary and tertiary boycotts. Al-Saleh added that the Ministry had also informed some private sector companies, and that the memo had suggested alternate language. During the conversation, he also noted that there appeared to be differences in interpretation on language between the UAEG and the USG, and welcomed a visit by U.S. experts in an effort to resolve this. Econchief suggested that it would be useful for the Ministry to send out further reminders of the UAEG's policy, to which Al-Saleh responded positively.

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